

Washington Horse Racing Commission  
Meeting Minutes  
September 14, 2012

The meeting convened at 9:30 A.M. at the Auburn City Council Chambers, Auburn, Washington. Present were: Paul George, Chairman; Jeff Colliton, Commissioner; Dr. Bud Hallowell, Commissioner; Representative Joe Schmick, Ex-officio member; Sharon Payant, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Item #1. Approval of the meeting minutes of August 10, 2012.

Commissioner Colliton moved to approve the minutes as submitted. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #2. Commissioner's report.

Chairman George requested approval by the commission to reimburse him for expenses incurred to travel to Auburn to give a presentation for the WA Sports Hall of Fame induction ceremony that was one of the events scheduled during the Longacres Mile week.

Commissioner Colliton moved to approve reimbursement for expenses. Commissioner Hallowell seconded the motion. Unanimously approved.

Chairman George said that he did attend the WA Sports Hall of Fame celebration and also mentioned that he is on the committee and briefly described his presentation. He also attended the Longacres Mile race.

Commissioner Hallowell also attended the Hall of Fame banquet and the Longacres Mile race. He also attended the WTBOA yearling sale. Commissioner Hallowell was disappointed with the sale he didn't feel the sales were very good. He said the breeding industry is in trouble.

Mr. Ron Crockett, President, Emerald Downs said the middle band of horses is gone in sales and racing.

Commissioner Colliton had nothing to report.

a. Global Symposium on Racing & Gaming, December 3-6, 2012.

Chairman George said the annual Global Racing and Wagering Symposium for 2012 is held in Tucson AZ, December 3-6, 2012, he said he would like to have attendance and expenses approved for one Commissioner and one staff member that will be designated later.

Commissioner Colliton moved to approve expenses incurred with travel to the Symposium. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #3. Industry reports.

a. Emerald Downs.

Ron Crockett presented the statistics for Emerald Downs. Mr. Crockett said the handle is down 2.1 percent overall; selling is off due to smaller field sizes; purses generated are off 2.4 percent, but it was still possible to give a 2.2 percent purse increase mid-way through the year. Mr. Crockett said there would be no overpayment/underpayment that purses were where he expected them to be. Mr. Crockett felt they gave right increase to make the net at the end of the race meet. He said field sizes have been down generally, affecting the wagering overall, if Emerald Downs had same number of horses as last year, the figures would be up.

Mr. Crockett talked about the simultaneous race meets between Emerald Downs – Portland Meadows. He said Portland Meadows has hurt them a little. Portland Meadows is averaging \$34 to \$35,000 per day and Emerald Downs is \$88,000 per day. Mr. Crockett found that Portland Meadows is not going negative on their purses and it appears they are going to be able to run another summer meet if they so choose.

Representative Schmick asked what Mr. Crockett needed to get people to come back to Emerald Downs racing. Mr. Crockett said it's all about purses, they drive everything. Representative Schmick asked for numbers to be given to him so he can be prepared when he heads back to legislative session in Olympia. Mr. Crockett said he'd supply anything the Representative needs.

Commissioner Colliton also asked Mr. Crockett what the number of foals from Washington State was.

Mr. Crockett said it was significantly down.

Chairman George said Emerald Downs contributes purse money voluntarily for each starter in the race and that has helped immensely.

b. WHBPA

MaryAnn O'Connell, Executive Director, echoed Mr. Crockett's statements and the horsemen have contributed as best they can. The horse population is the major hold-back and is really hurting the industry. Another is that the state of Washington (Employment Security and the Department of Revenue) is auditing our horsemen and making it difficult for them to stay in business.

c. WTBOA.

Anne Sweet presented the report for the Breeders/Owners. She spoke about the poor sale, she said there were a lot of no sales. The horsemen were mostly pretty devastated regarding the sale, that they couldn't sell their horse. She said many are finding it really hard to justify owning and

breeding a horse. The WTBOA has given out three-one thousand dollar bonuses at the sales as an incentive to continue to own and breed.

Item 4. Ownership change - Joe's Tavern to Bub's Pub, Centralia.

Mr. Lopez presented the ownership change application. Mr. Lopez said Joe's Tavern in Centralia has changed ownership and is now Bub's Pub. Mr. Lopez said background checks were completed and nothing was found that wouldn't allow this change. Staff recommends approval.

Commissioner Colliton moved to approve the ownership change. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #5. Industrial Insurance - Horse Industry Account – An Update.

Mr. Lopez presented the proposed changes. He noted that legislation has been submitted to the Governor's office for approval to submit to the 2013 Legislature. Labor & Industries has proposed rule changes and to accommodate the changes it will be necessary to make changes to Title 260 Washington Administrative Code (WAC). Mr. Lopez said most of the current risk classes will be eliminated (all but owner) and three new risk classes are being established (1. Grooms and Assistant Trainers, 2. Track Employees, and 3. Farm Employees):

Grooms and Assistant Trainers: Premiums will be assessed on a per-groom/assistant trainer, per-month basis and premiums will be due at the end of each month. Premiums must be received by the fifteenth of the following month or the trainer will be subject to a fine and possible suspension.

Track Employees: Track employees are exercise riders and pony riders who work on the grounds of a licensed race track during the track's licensed race meet and periods of training. Premiums will be assessed on a per-horse, per-day basis, and will be due at the end of each month.

Farm Employees: Farm employees are exercise riders and pony riders who work off the grounds at a farm or training center. Obtaining farm employee coverage under the Horse Industry Account is optional. However, if a trainer wishes to cover his/her exercise riders and pony riders at the farm, premiums will be assessed on a per-employee, per-day basis. Premiums would be due at the end of the month.

Mr. Lopez said included in the information is an overview of the changes to WHRC rules that will be proposed. An adoption hearing is expected at the November 9, 2012 meeting in order to be effective by mid-December, in time for licensing for the 2013 season.

Commissioner Hallowell was concerned that the WHRC is taking on a huge bookkeeping job. He wondered if there were available resources to do this. Mr. Lopez said it will be a big job, but that the Commission is partnering with the HBPA to make this work.

Five minute recess. 10:40 A.M. Reconvened. 10:45 A.M.

Item #6. Executive Secretary's Report.

Mr. Lopez wanted to mention before he goes into his report, he had been notified of the determination from the Executive Ethics Board (EEB) regarding the ability of WHRC employees be allowed to work in the industry during the off season without penalty. The EEB passed this policy this morning.

a. RCW 67.16.020(1) – Proposed Amendment – Discussion.

Mr. Lopez said at the last meeting it was asked if the WHRC could roll the cost of covering the cost of licensing into the agency's operating account, and repeal the language that states that the costs of licenses must off-set the cost of the licensing program. Mr. Lopez said clearly it is the Governor's office opinion that the cost of licensing be covered through fees. The agency budget analyst agreed. Staff recommends no action on this change.

Commissioner Hallowell asked if a policy statement or some action was needed. Mr. Lopez said no, it is a part of what the Commission considers when asked to consider fee changes. No need to do anything at this time.

b. Wagering recap.

Mr. Lopez recapped the wagering for August 2012.

c. Monthly Financial Statement for August 2012.

Mr. Lopez explained the revenues and expenditures and gave the fund balance.

Item #7. Any other business that may be properly brought before the commission.

Chairman George asked staff has heard from any of the Class C meets. Mr. Lopez said he has heard nothing from the Class C race meets.

The next meeting of the Commission is scheduled for Friday, October 12, 2012. WHRC will also be setting the 2013 meeting dates at that meeting.

Meeting adjourned. 11:01 A.M.

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Robert J. Lopez, Executive Secretary